

UHM proposes social pact

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In March 2004, the Union of United Workers (UHM), Malta's second-largest trade union, proposed a 'social pact'. The aim is to bring the social partners together around a common set of policies and actions seen as necessary to promote sustainable economic and social growth. All social partner organisations and political parties have been invited by UHM to discuss the document.

Several social partner organisations have recently listed a number of measures which in their view have to be taken to help the Maltese economy to overcome its current economic problems (MT0403101N ([//www.eurofound.europa.eu/ef/observatories/eurwork/articles/spotlight-on-employment-issues](http://www.eurofound.europa.eu/ef/observatories/eurwork/articles/spotlight-on-employment-issues))). The employers' associations have, by and large, voiced their concern about increasing taxation, which tends to increase the operating cost of labour. They have therefore urged the government to control labour costs in order to boost the competitiveness of national industry.

The General Workers Union (GWU (<http://www.gwu.org.mt/>)), Malta's largest union, has called for the setting up of a task force to address the issue of unemployment (MT0402102N ([//www.eurofound.europa.eu/ef/observatories/eurwork/articles/unions-concerned-about-employment-situation](http://www.eurofound.europa.eu/ef/observatories/eurwork/articles/unions-concerned-about-employment-situation))). During the early months of 2004, it also organised two mass demonstrations in Valletta, the capital city, urging the government to take action.

The Union of United Workers (Union Haddiema Maghqudin, UHM (<http://www.uhm.org.mt/>)), Malta's second largest union, has taken the initiative to draft a 'social pact' with the help of experts in the fields concerned. The document was the result of intense debate within UHM and took into account the findings of specific focus groups and discussions with political and business leaders as well as trade unionists. The document is based on a prior thorough analysis of the current Maltese economic scenario and takes as its model the Irish and Dutch systems of consensus through social partnership. The document, entitled A social pact for Malta (<http://www.uhm.org.mt/html/others/socal.pact.pdf>) was unanimously approved by delegates at UHM's general conference held on 16 March 2004.

The main objective of the proposed social pact is to create the necessary framework for all social partners to agree on a common set of policies and actions necessary to facilitate sustainable economic and social growth, leading to increased job opportunities and social justice. The document has the following six priorities:

1. enhancing competitiveness;
2. increasing efficiency of the labour market;
3. promoting innovation;
4. reducing bureaucracy and creating a business-friendly regulatory environment;
5. a stable economic framework; and
6. enhancing the 'tourism product'.

The document outlines the challenges within each priority area of the Maltese economy and proposes various measures to meet these challenges. Among these measures, the document proposes that social partners should establish a cap on wage increases over the next two years and that the government should make a commitment not to raise direct or indirect taxation during the next three years, in order to safeguard workers' income and keep costs for businesses down.

UHM acknowledges that the measures it suggests are 'neither exhaustive nor final'. They are intended to be used as a platform for discussion. All social partners and political parties have been invited to discuss the document through the Malta Council for Economic and Social Development (MCESD (<http://www.mcesd.org.mt/>)), the country's highest forum for consultation and social dialogue.